

FCC Chairman Michael Powell and committee members:

I have been following the upcoming vote on Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers (CC Docket No. 01-338) and have some comments.

I understand that we've had a more competitive local telecom environment since establishing ILEC wholesale lease rates for competitors in 1996. The Baby Bells maintain that these rates are artificially low and they cannot even recover their costs of maintaining the line. AT&T, MCI, and others have "cherry-picked" the most profitable customers (usually business) and have been making out like bandits because the wholesale rates are so attractive. But is this really competition? Or is it artificial?

If Kraft were forced to sell their popular Macaroni and Cheese (which I love!) to retailers at \$0.25 per box when it actually costs them \$0.45 per box to make, how can Kraft stay in business in the long run? The answer is Kraft would probably have to take a loss on Mac and Cheese and raise the prices on other food items to compensate. The same thing is happening to the Baby Bells. They are being forced to raise prices on other services to compensate for selling local service below cost. In essence, the purchasers of these other services are subsidizing the artificial local competitive environment.

I think in order to resolve the whole local competition issue is to ask: who are the competitors? The obvious answers would be AT&T, MCI, and a horde of other local CLECs. I would maintain that we're seeing increasing competition for local service from cable and wireless providers. Most of my family members have cancelled their landline and opted for wireless service. The Baby Bells are not only losing lines to CLECs, but also to wireless, cable providers (yes, some cable companies are starting to provide telephone service!), and even VOIP (Voice Over IP: to a lesser, but increasing extent). Landline telephone service is not the only communication method Americans have today.

We've seen time and time again that competition is good for the consumer in the form of lower prices and better quality. The only question is how do we foster a strong, sustainable, competitive environment in telecom? I see two options:

- 1) Let would-be providers create their own network, or
- 2) Split the network (wholesale) piece of the Baby Bells into a separate company that leases lines to all competitors

I don't see option 2 as being all that viable, however. So the option of choice is #1. But how then do we deal with the seeming re-monopolization of our local service? Believe it or not, *I don't think this would really be that bad of a downfall*. As I stated earlier, competition is coming from a myriad of providers, so if a consumer doesn't like a price increase that Bell Atlantic institutes (after doing away with mandated wholesale rates), they can switch to any number of other communications providers.

The one big advantage I see in doing away with the mandated wholesale lease rates is re-creating an incentive for the Baby Bells to upgrade their network and push fiber further into America's neighborhoods. This may seem like a small advantage, but, as it stands now, the Baby Bells do not want to invest in the network if they have to resell it below cost. (Why would Kraft even make Macaroni and Cheese if they have to take a loss in selling it? If I were Kraft, I'd stop production of Mac and Cheese altogether.)

If the Baby Bells have the incentive to invest and build out their networks, communications quality would increase and, best of all, we'd have more people and business signing up for a broadband internet connection (DSL). And if more are using broadband, content providers would be more willing to provide value-added services. Easier access to websites and better content and services would translate into more consumer purchasing and a more energized economy at a time when this boost is desperately needed.

The growing prospects for war in Iraq have threatened to send the American economy into heart-wrenching double-dip recession. You have the power to give the economy a boost at a time when it is more needed than perhaps at any other time in American history.

Please don't delay the abolition of the artificially low line lease rates by sending it to the states to decide. Inaction at the federal level will not only delay this important measure, it may completely obliterate it and send the economy into a downward spiral.

I would appreciate knowing if my comments are useful to anyone at the FCC.